GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:51
ANSWERED ON:15.11.2007
REVIVAL OF SICK CPSUs
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether a number of sick industrial units are increasing every year in Central Public Sector;

(b) if so, the details thereof along with reasons therefor;

(c) the number and details of CPSUs found sick and running in iosses as on date, CPSU-wise;

(d) the total number of workers engaged in these units;

(e) whether the Government has taken any policy decision on selling these sick units or to close down or to revive them; and

(f) if so, the details thereof, CPSU-wise?

Answer

THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV)

(a): As per Public Enterprises Survey 2005-06, out of 225 operating Central Public Sector Enterprises (CPSEs) as on 31.3.2006, 58 CPSEs had incurred losses of Rs. 595162 crore during 2005-06 as against losses of Rs. 9003 crore incurred by 73 CPSEs (out of 217 operating CPSEs) during 2004-05. Both the number of loss making CPSEs as well as their losses have reduced during 2005-06 over 2004-05.

(b) to (d) : Reasons for losses/sickness are manifold and may vary from unit to unit. However, some common problems faced/ being faced by sick and loss making CPSEs include old and obsolete plant and machinery, outdated technology, resource crunch, low capacity utilization, low productivity, excess manpower, heavy interest burden, inadequate and unfocussed marketing, stiff competition, shortage of working capital, inadequate emphasis on research and development, inefficient management, high input cost, erosion of net worth due to continues losses and inherent problems of sick taken over enterprises etc. Based on the Audited Financial figures for the year 2005-06, 75 CPSEs have been indicated as sick CPSEs, the details of which are enclosed at Annex I.

(e) & (f) : As per policy contained in National Common Minimum Programme (NCMP) `While every effort will be made to modernize and restructure sick public sector companies and revive sick industry, chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation.` A Board for Reconstruction of Public Sector Enterprises (BRPSE) has been constituted to make recommendations inter-alia, on the revivability and future of sick/loss making CPSEs. Based on the recommendation of the BRPSE, Government have approved revival plan for 26 CPSEs and closure of two CPSEs, namely, Bharat Ophthalmic Glass Ltd. and Bharat Yantra Nigam Ltd. till 31.10.2007. Amount of Cash and Non-cash assistance approved in revival plan for these 26 CPSEs is also as Annex-II.